

**FREQUENTLY ASKED QUESTIONS**  
**THE REQUIREMENTS OF THE GUIDELINES ON UNLISTED CAPITAL MARKET**  
**PRODUCTS UNDER THE LODGE AND LAUNCH FRAMEWORK**  
**(Issued: 9 March 2015)**  
**(Revised: 28 April 2020)**

**1.0 GENERAL**

**1.01 When will the requirements under the Guidelines be implemented?**

The *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework* (the Guidelines) were first issued on 9 March 2015 to enable the industry to familiarise with the Lodge and Launch framework. This practice is in line with the current practice for the issuance of new guidelines. Based on the feedback received from the industry during the familiarisation period, relevant amendments have been made to the Guidelines. These Guidelines are effective on 15 June 2015.

**1.02 Will the Lodge and Launch framework be applicable to unlisted capital market products which have been approved, authorised or recognised under section 212 of the CMSA prior to the effective date of the Guidelines?**

The Guidelines, particularly provisions relating to continuous obligations, will also be applicable to unlisted capital market products which have been approved, authorised, or recognised prior to the effective date of the Guidelines.

However, the information and documents which have been submitted earlier to the SC need not be lodged for an unlisted capital market product which was approved, authorised or recognised prior to the effective date of the Guidelines, unless specified by the SC.

**1.03 Apart from the Guidelines, are there any other guidelines which are applicable to persons involved in the offering of unlisted capital market products?**

Yes. The Guidelines are in addition to and not in derogation of any other guidelines issued by the SC or any requirements as provided for under securities laws. As such, persons licensed by the SC, *who are involved in the offering of an unlisted capital market product, such as a wholesale fund for example, must still comply with the Licensing Handbook and the Guidelines on Compliance Function for Fund Management Companies.*

**1.04 Do I need to follow in verbatim the wordings in Appendix A which provides for Responsibility Statement and Statement of Disclaimer under the *Guidelines on Sales Practices of Unlisted Capital Market Products (Sales Practices Guidelines)* in preparing a Product Highlights Sheet (PHS) for unlisted capital market products under the Lodge and Launch Framework?**

As stated under paragraph 3.11 of the Sales Practices Guidelines, Appendix A is a guidance on the information that should be included in the PHS.

As such, product issuer need not replicate in verbatim, so long as the scope set out under paragraph 3.09 of the Sales Practices Guidelines is complied with. For example, for unlisted capital market products under the Lodge and Launch framework, the Statement of Disclaimer should make reference that the product has been lodged with the SC instead of using the term "authorisation by the SC".

**1.05 How is a lodgement for a wholesale fund, corporate bonds, sukuk, structured product or asset-backed securities (ABS) made to the SC?**

A lodgement must be made online via a system which will be available on the SC's website on the effective date of the Guidelines.

**1.06 When does a lodgement take effect?**

The effective date of a lodgement is after the clearance of the fee payment due.

**1.07 What will happen to an application for an approval, authorisation or recognition of a wholesale fund, corporate bonds, sukuk, structured product or an ABS that has been submitted on or before 14 June 2015, but that is still pending decision by the SC, upon the effective date of the Guidelines?**

Such applications will continue to be assessed under the approval, authorisation or recognition regime.

**1.08 What are the applicable fees under the Lodge and Launch framework?**

The relevant fees for the Lodge and Launch framework will be provided under the SC's Fees Regulations pertaining to the same.

**1.09 Is there a cut-off date for an application for an unlisted capital market product to be submitted manually prior to the effective date of the Guidelines?**

The cut-off date for the manual submission of the application for an unlisted capital market product is 14 June 2015.

**1.10 What will happen to an application for an unlisted capital market product that has been submitted manually after 14 June 2015?**

Any submission made manually after 14 June 2015 will not be accepted by the SC. Such application must come under the Lodge and Launch framework.

**1.11 What will happen if I fail to meet the submission and/or reporting timelines as set out in the Guidelines?**

Failure to meet the submission and/or reporting timelines as set out in the Guidelines would tantamount to a breach of the Guidelines and result in an enforcement action being taken.

**1.12 How do I ensure that the lodgement is successful?**

It is important that you ensure the unlisted capital market products have been duly lodged with the SC prior to launching the said products. You will receive an email informing you that the lodgement is successful. You should also check the SC website a day after the lodgement for the publication of the lodged products (<https://www.sc.com.my/legislation-guidelines/lodge-and-launch-framework/>).

If you do not receive the confirmation email or the product is not listed on the SC's website, you must contact the relevant departments of the SC immediately:

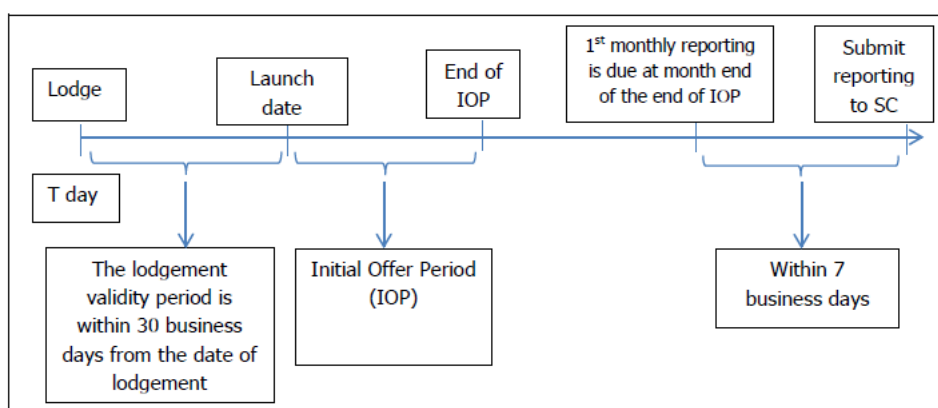
- (a) For wholesale funds - Managed Investment Schemes Department;
- (b) For structured products – Private Debt Securities and Investment Products Department; and
- (c) For corporate bonds and sukuk – Private Debt Securities and Investment Products Department.

Please take note that successful payment for the lodgement does not constitute a lodgement of the said product. To complete the lodgement process, you must return to the system after making payment to perform additional steps to lodge the product.

[Inserted on 16 January 2017]

## 2.0 WHOLESALE FUND

### Initial Lodgement



#### 2.01 What is the timeframe for the launch of a wholesale fund subsequent to lodgement with the SC?

A wholesale fund must be launched within 30 business days from the date of lodgement, i.e. T day (lodgement date) + 30 business days.

#### 2.02 Can a wholesale fund be launched after the 30-business day period?

No, the lodgement is deemed to have lapsed after the 30-business day period.

#### 2.03 What should I do if I intend to launch a wholesale fund after the lodgement has lapsed, i.e. after the 30-business day period?

A new lodgement will have to be submitted to the SC with the applicable lodgement fee.

#### 2.04 Can I make lodgement of information and documents for a wholesale fund if I have other approvals pending from the SC (e.g. approvals for variations and exemptions) or other regulatory bodies in relation to the said wholesale fund?

No, a wholesale fund can only be lodged after all relevant approvals have been obtained.

**2.05 Must I have a launch date for a wholesale fund when I make a lodgement in the system?**

Yes. You will be required to state the launch date of the wholesale fund when you make the lodgement in the system.

**2.06 Can I revise the launch date for a wholesale fund after I have made the lodgement in the system?**

Yes. Should you intend to revise the launch date, you will be required to submit a revision to lodgement. If you fail to submit the revision, the original launch date stated in the lodgement will be deemed as the actual launch date of the fund.

**Revisions**

**2.07 What would constitute a revision?**

- (a) Revision to lodgement information; or
- (b) Revision to documents previously lodged, such as:
  - (i) product highlights sheet (PHS);
  - (ii) offering document;
  - (iii) deed; or
  - (iv) custodial agreement.

**2.08 If I submit a revision through the online system and the revision comprises of multiple changes, can I have different effective dates for each of the changes?**

No. Each revision submitted through the online system can only have one effective date of change, regardless of the number of changes made within one submission. Should you require different effective dates for the multiple changes, you would need separate submissions for each change.

**2.09 Will I be charged a fee for revision to lodgement of a wholesale fund?**

A revision fee will be charged only for revisions that are made prior to the launch of the wholesale fund. However, where such revision is solely to amend the launch date, no revision fee will be charged.

A revision fee will not be charged for revisions made post launch of the wholesale fund.

**2.10 What are the applicable fees for revisions to lodgement?**

Relevant fees for the Lodge and Launch framework will be provided under the SC's Fees Regulations pertaining to the same.

**2.11 Where there are revisions to information and documents previously lodged with the SC, when will I be required to submit the revision to lodgement?**

You will be required to submit the revision to lodgement as soon as practicable, whether prior to or subsequent to the effective date of change.

**2.12 How do I make revision to the features of a wholesale fund that has been launched prior to the effective date of the Guidelines?**

Any revision to the features of a wholesale fund that has been launched prior to the effective date of the Guidelines must be submitted manually, by depositing a supplemental information memorandum or a replacement information memorandum, as the case may be, until further notice.

**Reporting-Statistical Returns**

**2.13 [Deleted]** [Deleted on 16 January 2017]

**2.14 How do I submit statistical returns and investment returns of the wholesale fund?**

The monthly statistical returns and investment returns (collectively referred to as "Returns") are to be submitted via a system as may be specified by the SC. At present, you are required to submit the monthly statistical returns to the SC via TIM ERS. We will notify you of the relevant system for submission of the monthly investment returns in due course.

[Amended on 16 January 2017]

**Submission of applications pertaining to a wholesale fund approved, authorised or recognised prior to the effective date of the Guidelines**

**2.15 Is there a cut-off date for applications\* to be submitted manually in relation to a wholesale fund approved, authorised or recognised (as the case may be) prior to the effective date of the Guidelines?**

Applications are to be submitted manually, until further notice.

Thereafter, the SC will no longer accept submissions done manually. All such applications must then be submitted via the system.

**2.16 What will happen to applications\* that are submitted manually after 30 September 2015?**

Applications submitted **manually** after such date as may be specified by SC will not be accepted. All such applications must be submitted online via the system

\* An example of such applications includes an application for a variation to an approved proposal prior to the launch of a wholesale fund. However, such applications would exclude an application for extension of time (EOT applications) to launch the wholesale fund as an EOT application must be done manually before and after the cut-off date.

**Applicability of the Guidelines to a wholesale fund approved, authorised or recognised prior to the effective date of the Guidelines?**

**2.17 There are provisions in the Guidelines, particularly under Part 1 of Section B, which require investors to be informed of certain events. For a wholesale fund which has been launched prior to the effective date of the Guidelines, is there a timeframe within which investors of such wholesale fund must be informed?**

For a wholesale fund which has been launched prior to the effective date of the Guidelines, investors of such wholesale fund must be informed within one month from the effective date of the Guidelines.

**3.0 STRUCTURED PRODUCTS**

**3.01 Does an Islamic structured product programme require Shariah endorsement prior to lodgement?**

Yes. The relevant documents as specified in the Guidelines must be submitted to the SC's Islamic Capital Market for the purpose of seeking Shariah Advisory Council's endorsement.

**3.02 What is the validity period of a structured product programme upon lodgement?**

Within three years from the lodgement date (T day).

**3.03 Can issuance of structured products be made from the structured product programme after the lapse of the validity period?**

No.

**3.04 What if there is unutilised balance still remaining under the structured product programme after the lapse of the validity period?**

Any unutilised balance will be forfeited.

**3.05 What should the issuer do if it intends to continue issuing structured products after the validity period of its structured product programme has lapsed?**

Such issuer must lodge a new structured product programme together with the relevant fees to the SC.

**3.06 How will the new framework affect the structured product programmes which were previously approved, authorised or recognised by the SC?**

These structured product programmes will remain valid until full utilisation of the structured product programmes subject to paragraph 3.07 below. New structured products under such existing structured product programmes must comply with the requirements of the Guidelines from its effective date.

**3.07 Are the existing structured product programmes subject to a validity period as well?**

Yes. The existing structured product programmes must be fully utilised within the following timeframe:

(a) Within two years from the effective date of the Guidelines for structured product programmes outstanding for more than five years from the date of the SC's approval or authorisation; or

(b) Within three years from the effective date of the Guidelines for structured product programmes outstanding for five years or less from the date of the SC's approval or authorisation.

**3.08 How is the monthly post-issuance report submitted to the SC?**

The monthly post-issuance report must be submitted via the system.

**3.09 When should a monthly post-issuance report be submitted to the SC?**

A monthly post-issuance report must be submitted no later than seven business days after the end of every month.

[Amended on 16 January 2017]



**3.10 How does the issuer seek an exemption from a requirement of the Guidelines in relation to a structured product programme?**

Under the Guidelines, an exemption from a requirement of the Guidelines has to be obtained prior to lodgement by submitting an application to the SC supported with strong justifications and accompanied by the relevant fees.

**3.11 Would the issuer be required to submit the monthly post-issuance report for a structured product programme approved, authorised or recognised prior to the effective date of the Guidelines?**

Yes.

**3.12 Can the issuer make revisions or amendments to the terms of a structured product programme after lodgement?**

No. However, the issuer can make changes or updates on information related to the issuer such as the business address, contact persons and credit rating of the issuer.

[Amended on 16 January 2017]

**3.13 Would the issuer be required to lodge the information and documents used in the issuance of each new structured product series under the structured product programme?**

Yes. The information and documents must be submitted prior to the first issuance of that structured product series. The information and documents to be lodged are as specified in the Lodgement Kit.

**3.14 Can the issuer make revisions or amendments to the terms and conditions of the structured product issued under the programme?**

No, as such revision would tantamount to a new structured product series.

However, the issuer can make changes or updates on information related to the issuer such as the business address, contact persons and credit rating of the issuer. If the changes or updates result in amendments to be made in the products highlights sheet (PHS) and other documents and materials used in the issuance, a replacement PHS and revised documents and materials would need to be submitted via the system together with payment of applicable fee.

[Amended on 16 January 2017]

**3.15 What is considered as a new structured product series under the structured product programme?**

A new structured product series refers to structured products that have any change in its terms and conditions such as changes in the class of underlying reference, changes in Shariah principles, changes in the risks associated with the product or any change in regulatory requirements.

[Amended on 16 January 2017]

**3.16 Would the information and documents submitted via the system require a fee?**

The disclosure documents and PHS will attract a filing fee per lodgement for each new structured product series.

**3.17 What would constitute a change in a class of underlying references for a structured products series which would require Eligible Issuer to submit a new Pre-Issuance Notification?**

A change in a class of underlying references refers to change in the asset class used as underlying references for the structured products series, for example, a change from equity to either currency, index, interest, credit, commodity or a combination of any of the said classes (better known as hybrid). Such a change would result in a new product series under the structured product programme. Hence, such change would require submission of a new Pre-Issuance Notification (PIN).

A new PIN is not required if the change of underlying references involves the same asset class. For example, a change in a currency pair from USD/MYR to SGD/USD on Dual Currency Structured Products does not require a new PIN. Similarly, an Equity-Linked Structured Products with underlying references in shares listed on Bursa Malaysia Securities Bhd (Bursa Malaysia) does not require a new PIN if the change involves other shares listed on Bursa Malaysia. However, in this situation, the issuer would need to assess whether or not the change of underlying references would result in the change to the risk associated with the existing structured products series. For instance, a risk profile of an Equity-Linked Structured Products with a plantation company as an underlying reference may differ from the risks associated to a utility company as these two companies face different business environment and operational risks even though both companies' shares are listed on the same stock exchange. In this situation, a new PIN is, therefore, required to be submitted as a new structured product series.

[Inserted on 16 January 2017]

### 3.18 When is the Eligible Issuer required to seek endorsement of the Shariah Advisory Council (SAC) for the Islamic structured product programme and Islamic structured product series?

An Eligible Issuer must seek endorsement of the SAC for new Islamic structured product programme and the initial Islamic structured product series to be issued under the programme prior to the lodgement of the Islamic structured product programme.

The initial Islamic structured product series must be submitted together with the Islamic structured product programme for endorsement. There is no limitation on the number of initial Islamic structured product series that can be submitted when the Eligible Issuer is seeking the endorsement of the SAC for the Islamic structured product programme.

An Eligible Issuer who plans to subsequently issue a new Islamic structured product series under the endorsed Islamic structured product programme is also required to seek endorsement of the SAC for the said new Islamic structured product series prior to submission of a new PIN via the LOLA online submission system.

[Inserted on 16 January 2017]

## 4.0 CORPORATE BONDS AND SUKUK

Diagram 1: Bullet or one-off issuance of corporate bonds or Sukuk

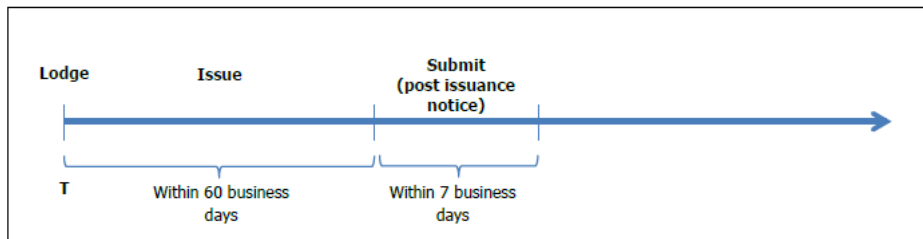
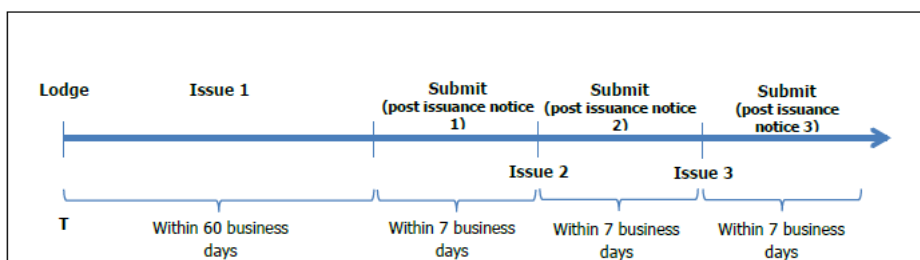


Diagram 2: Issuance under Corporate Bonds or Sukuk Programme



**4.01 Does a ringgit-denominated sukuk issue require Shariah endorsement prior to lodgement?**

Yes. Relevant information and documents as specified in the Guidelines must be submitted to the SC's Islamic Capital Market (ICM) for the purpose of seeking Shariah Advisory Council's endorsement at least 10 business days prior to the date of lodgement. For avoidance of doubt, the 10 business days timeframe is only applicable for ringgit-denominated sukuk that is structured based on existing precedent i.e. structures that have been approved by the SC and issued in the market, subject to receipt of complete information and documents. For new structures or where there is a variation to the structures from the existing precedent, the Lodgement Party should consult ICM prior to submission of information and documents for endorsement.

**4.02 What is the implementation timeframe for issuance of corporate bonds or sukuk upon lodgement?**

Within 60 business days from the lodgement date (T day).

**4.03 Can the corporate bonds or sukuk be issued after the lapse of the 60 business days?**

No.

**4.04 What should the issuer do if it intends to proceed with the issuance after 60 business days have lapsed?**

A new lodgement has to be made with payment of applicable fees to the SC.

**4.05 How is a post-issuance notice submitted to the SC?**

A post-issuance notice must be submitted to the SC via the system, within seven business days from the issuance date.

**4.06 Who can lodge the corporate bonds or sukuk proposal if there are joint principal advisers for such proposal?**

Where there are joint principal advisers, there must be one identified principal adviser who must make the lodgement. However, all joint principal advisers will be responsible for the information and documents submitted to the SC.

**4.07 [Deleted]** [Deleted on 16 January 2017]

**4.08 How does the issuer seek an exemption from the requirements of the Guidelines in relation to a corporate bond or sukuk?**

Under the Guidelines, an exemption from any requirements has to be obtained prior to the lodgement by submitting an application to the SC supported with strong justifications and accompanied by the relevant fees.

**4.09 Is a post-issuance notice required to be submitted for a corporate bond or sukuk that has been approved, authorised or recognised?**

A post-issuance notice is only required for such corporate bond or sukuk where the issuance of the corporate bond or sukuk is made after the effective date of the Guidelines.

For debt or sukuk programmes, post-issuance notices are required after each issuance under the programme.

The post-issuance notice is required to be submitted to the SC via the system for every issuance made after the effective date of the Guidelines.

**4.10 How does an issuer upsize the issue size of a corporate bond or sukuk that was approved, authorised or recognised?**

The issue size of a corporate bond or sukuk can only be upsized after all relevant requirements for upsizing are fulfilled. A new lodgement has to be made based on the total issue size, with fees charged only on the "increased" portion. This would apply to an upsizing of a corporate bond or sukuk either before or after issuance.

**4.11 How does an issuer upsize the issue size of a corporate bond or sukuk after lodgement?**

An amendment has to be made to the total issue size in the lodgement form, with fees charged only on the "increased" portion. This would apply to an upsizing of a corporate bond or sukuk either before or after issuance. However, the issue size of a corporate bond or sukuk can only be upsized after all relevant requirements for upsizing are fulfilled.

**4.12 How does an issuer revise the principal terms and conditions of a corporate bond or sukuk after lodgement?**

Revision pre-issuance

For revision to principal terms and conditions made **pre-issuance** (or in the case of a debt or sukuk programme, prior to the first issuance), a re-lodgement has to be made by amending the terms and conditions in the original lodgement form. The fees payable for this revision will be 10% of the relevant fees paid at the initial lodgement.

Revision post-issuance

For revision to principal terms and conditions made **post-issuance**, an update has to be made by amending the terms in the original lodgement form. There will be no fees charged.

**4.13 Are corporate bonds or sukuk approved, authorised or recognised prior to the effective date of the Guidelines subject to the T+60 business days implementation timeframe?**

No. Corporate bonds or sukuk approved, authorised or recognised by the SC prior to the effective date of the Guidelines are subject to the original implementation timeframe.

**4.14 Would an addendum or supplemental document submitted via the system require a fee?**

A filing fee is charged for any addendum or supplemental disclosure document, information memorandum or trust deed.

**4.15 Does revision to the principal terms and conditions of a sukuk issuance require Shariah endorsement prior to re-lodgement or update?**

If the revision to the principal terms and conditions has any Shariah implications, relevant information and documents as specified in the Guidelines must be submitted to the SC's ICM for the purpose of seeking Shariah Advisory Council's endorsement at least 10 business days prior to the re-lodgement or update. This requirement applies to revision to principal terms and conditions of Ringgit-denominated sukuk only.

**4.16 In relation to revision post-issuance, what does "proposed revision coming into effect" mean?**

"Proposed revision coming into effect" is when all necessary requirements to effect the revision have been met.

**4.17 How does the issuer revise the principal terms and conditions of a corporate bond or sukuk approved, authorised or recognised prior to the effective date of the Guidelines?**

Revision pre-issuance

Any revision to the principal terms and conditions made **pre-issuance** would require an application to be submitted manually to the SC for approval. This application for revision must be supported with strong justifications and accompanied by the relevant fees.

Revision post-issuance

Any revision to the principal terms and conditions made **post-issuance** would require updated information and documents to be submitted via the system.

Except for the filing fee for any supplemental document, there will be no fees charged for the revision to principal terms and conditions post-issuance.

**4.18 What are the signing procedures requirements specified by the Shariah Advisory Council?**

This refers to the procedure of signing a Shariah pronouncement by the Shariah committee or Shariah adviser that was circulated by the SC via a letter to the industry dated 1 August 2013.

**4.19 Are credits ratings for corporate bonds and sukuk still mandatory?**

From 16 January 2017 onwards, credit ratings are no longer mandatory for corporate bonds and sukuk issued to sophisticated investors under the Guidelines. However, credit ratings are still mandatory for corporate bonds and sukuk issued to retail investors under the Guidelines on Issuance of Private Debt Securities and Sukuk to Retail Investors.

[Inserted on 16 January 2017]

**4.20 If credit ratings are no longer mandatory, why is there still a section on credit rating under Chapter 2, Part 3, Section B of the Guidelines?**

While credit ratings are no longer mandatory, if a corporate bond or sukuk is rated or to be rated, the requirements under the chapter on credit rating would apply. This section on credit rating would apply to bullet issuances, entire debt or sukuk programmes or any tranche within a debt or sukuk programme, as long as it is rated.

[Inserted on 16 January 2017]

**4.21 Do non-tradable and non-transferable corporate bonds and sukuk automatically become tradable and transferable after 16 January 2017?**

No, non-tradable and non-transferable corporate bonds and sukuk will not automatically become tradable and transferable on 16 January 2017. The relevant consent from bondholders or sukukholders must first be obtained, and the issuer would also need to revise the Principal Terms and Conditions, accordingly.

[Inserted on 16 January 2017]

**4.22 Would bondholders' or sukukholders' consent still be required should issuers wish to change the tradability and transferability status of unrated corporate bonds and sukuk issued prior to 16 January 2017 (i.e. change of status to tradable and transferable)?**

For unrated non-tradable non-transferable corporate bonds and sukuk issued prior to 16 January 2017, if it has been indicated upfront in the Principal Terms and Conditions that the tradability and transferability status of the corporate bond or sukuk will or may be changed, then it is deemed that consent has been obtained for the purpose of Paragraph 2.07, Chapter 2, Part 3, Section B of the Guidelines. However, bondholders or sukukholders, bond or sukuk trustees and the SC will still need to be notified that the tradability and transferability status has been changed. Notification to bondholders or sukukholders may be done via FAST.

[Inserted on 16 January 2017]

**4.23 In relation to paragraph 2.03(c), Chapter 2, Part 3, Section B, of the Guidelines, what does "removal of a rating where a corporate bond or sukuk has more than one rating" means?**

If a corporate bond or sukuk has more than one rating, and any one of those ratings are removed, the requirements under paragraph 2.03(c), Chapter 2, Part 3, Section B of the Guidelines would apply.

[Inserted on 16 January 2017]

**4.24 Who can be the Responsible Party for submission of post-issuance notice, required to be specified in the lodgement under paragraph 4.09, Chapter 4, Part 3, Section B of the Guidelines?**

At the point of lodgement, the Lodgement Party must specify the relevant party that has been appointed to assume the role of submitting the post-issuance notice, for example whether it is the principal adviser or lead arranger, etc. However, there is no need to specify the actual name of that relevant party, e.g. "XYZ Bank Bhd".

[Inserted on 16 January 2017]

**4.25 In the case of commercial papers that have been previously approved or authorised by the SC, what is the timeline for notification to the SC on any redemption?**

For commercial papers that have been previously approved or authorised by the SC (prior to the introduction of the Guidelines), a notification may be sent to the SC by the seventh business day of every month, notifying the SC on all redemptions that had occurred in the previous month.



E.g. An email can be sent to SC by 9 March 2017 notifying the SC of all the redemptions that had occurred in the month of February 2017. 9 March is seven business days from the end of February.

This requirement is provided under paragraph 4.09, Chapter 4, Section D of the Guidelines.

[Inserted on 16 January 2017]

**4.26 Can a trust deed be lodged on the date of issuance instead of earlier?**

Yes, the trust deed may be lodged at any point in time, from the point of initial lodgement until on the date of issuance.

At any point in time until on the date of issuance, the issuer may access the lodgement form in the system to upload the trust deed.

[Inserted on 16 January 2017]

**4.27 Can an issuer of a corporate bond or sukuk distribute a “red herring” Information Memorandum to sophisticated investors before the relevant information and documents pertaining to product are lodged with the SC?**

Yes. An issuer of a corporate bond or sukuk may distribute a “red herring” Information Memorandum to sophisticated investors before the relevant information and documents pertaining to that product are lodged with the SC. However, warnings in the following effect must be prominently displayed on the front page of the “red herring” Information Memorandum:

- (a) the document does not constitute an issuance, offer or invitation to subscribe for or purchase the relevant corporate bond or sukuk;
- (b) the terms and conditions of the corporate bond or sukuk are not final and are subject to change; and
- (c) the issuer has not lodged any information or document with the SC under the Guidelines, and such lodgement will only be made once the terms and conditions of the offering has been finalised.

[Inserted on 16 January 2017]

**4.28 Where a revision involves amendment to the Principal Terms and Conditions together with upsizing of the issue size of sukuk, what are the required information and documents to be submitted for the purpose of seeking SAC's endorsement?**

For revision to Principal Terms and Conditions as well as upsizing of the issue size of the sukuk, the principal adviser must submit information and documents as provided under Appendix 2B, Part 3, Section B of the Guidelines.

If the revision only involves upsizing of the issue size of the sukuk, the principal adviser only needs to submit information and documents as provided under Appendix 2A, Part 3, Section B of the Guidelines.

[Inserted on 16 January 2017]

## **5.0 ASSET-BACKED SECURITIES**

**5.01 Is a post-issuance notice required to be submitted for an issuance of ABS?**

Yes, a post-issuance notice is required to be submitted for an issuance of ABS. The issuer is required to comply with the requirements for post-issuance notice of an issuance of corporate bonds or sukuk under Section B, Part 3, Chapter 4 of the Guidelines.

## **6.0 CONVERTIBLE NOTES**

**6.01 Is the issuance of convertible notes exempted from requirements in relation to the appointment of trustee, execution of trust deed and maintenance of the register of holders?**

Yes, if the convertible notes are held by the existing members of the issuer (i.e. its shareholders) or held by a single holder. This exemption is stipulated under Paragraphs 3 and 4 of Schedule 8 of the CMSA 2007.

**6.02 Is there any fees payable for the lodgement of information with the SC for the issuance of convertible notes?**

No. The issuer is not required to pay fees for the lodgement of information with the SC for the issuance of convertible notes.

**6.03 Is there any fees payable for a revision to the information lodged with the SC for the issuance of convertible notes?**

No. There is no fees payable for a revision to the information lodged with the SC for the issuance of convertible notes.

**6.04 Is there any tax exemption for the issuance of convertible notes?**

No. The existing tax exemption available for the issuance of corporate bonds and sukuk under sub-paragraph 35(b), Schedule 6 of the *Income Tax Act 1967* is not applicable to convertible notes.

**6.05 If the terms of the convertible notes do not meet the eligibility criteria as set out in the LOLA Guidelines, is lodgement with the SC still required?**

If the issuance of convertible notes does not meet the eligibility criteria as set out in Part 5, Section B of the LOLA Guidelines, then such convertible notes would not be eligible to be lodged with the SC under Part 5, Section B of the LOLA Guidelines.

Unless an exemption applies, the issuer must make a lodgement with the SC as a regular corporate bond under Part 3, Section B of the LOLA Guidelines if the notes are to be issued to sophisticated investors, or obtain the SC's approval under the Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors if the issuance is made to retail investors.

**6.06 Can an issuance of convertible sukuk or Islamic convertible notes be lodged under Part 5, Section B of the LOLA Guidelines?**

Currently, only conventional convertible notes are allowed to be lodged under Part 5, Section B of the LOLA Guidelines. However, this may change subject to a revision of the framework in the future.

[Inserted on 28 April 2020]